

# CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

RCB Financial Corporation

Point of Contact:	Connie J Williams, CFO	RSSD: (For Bank Holding Companies)	3445901
UST Sequence Number:	1248	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	8,900,000	FDIC Certificate Number: (For Depository Institutions)	58289
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	June 19, 2009	City:	Rome
Date Repaid <sup>1</sup> :	N/A	State:	Georgia

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Lending activities continued at the pace allowed by the economy and as requested by the community we serve. Had we not accepted TARP funds, our need to preserve our organic capital would have required that we curtail lending activities. Our loan to deposit ratio declined slightly to 80%.

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To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

Increase securities purchased (ABS, MBS, etc.).

Make other investments.

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☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

We continue to reduce the debt carried on the banks books. Borrowed funds represented 14% of assets at the time we accepted TARP funds. As of FYE 2011, only 4% of our balance sheet is funded with borrowed funds.

☒ Increase charge-offs.

We continue to write down impaired loans as necessary to support accurate representation of the credit quality of the portfolio. TARP funds allowed us to be more aggressive than perhaps we could have been had we not accepted those funds.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP Capital strengthened our capital position and our capital ratios. We continue to work through our credit issues in a timely manner, taking charge offs and write downs when necessary. If we had not received the CPP capital, we would likely have been required to raise private capital in a time when those funds were not readily available. It is also reasonable to assume that if we did not have the CPP funds, our exam composite rating would have been downgraded and the bank placed under some type of formal action. As it is, our capital position remains adequate to support the current balance sheet composition.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.